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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07
L-03 NSAE-00 PA-01 PRS-01 SP-02 SS-15 AID-05
COME-00 EB-08 FRB-03 TRSE-00 XMB-02 OPIC-03
LAB-04 SIL-01 OMB-01 DOTE-00 FMC-01 CG-00 DLOS-09
OES-07 STR-05 USIE-00 NSCE-00 INRE-00 SSO-00 /097 W
----------094824 182216Z /63
O 182153Z OCT 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 5074
INFO AMCONSUL MONTREAL
AMCONSUL QUEBEC
ALL OTHER CANADIAN POSTS POUCH

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E.O. 11652: N/A
TAGS: PGOV, PINT, CA
SUBJECT: LEGISLATIVE PROGRAM FOR NEW SESSION OF PARLIAMENT

1. SUMMARY: THE QUEEN'S THRONE SPEECH ON OCT. 18 OPENED A NEW SESSION OF PARLIAMENT--THE THIRD SINCE 1974. THIS MESSAGE SUMMARIZES THE LEGISLATION THAT THE GOVERNMENT IS LIKELY TO INTRODUCE IN THIS SESSION. END SUMMARY.

2. THE QUEEN'S SPEECH GAVE ONLY GENERAL SIGNS OF FEDERAL GOVERNMENT'S LEGISLATIVE INTENTIONS (SEE SEPTEL). TRUDEAU'S OCT 19TH DEFENSE OF THIS SPEECH AND STATEMENT TO COMMONS OCT 20 BY FINANCE MINISTER CHRETIEN WILL BE BETTER INDICATORS OF WHAT LEGISLATION GOVERNMENT INTENDS TO PUSH.

3. BASED ON OUR CONVERSATION WITH MP'S AND PARLIAMENTARY OFFICIALS, WE BELIEVE THAT GOVERNMENT PROGRAM WILL INCLUDE FOLLOWING LEGISLATIVE INITIATIVES:
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A) PIPELINE. ACCORDING TO JERRY YANOVER, LEGISLATIVE ASSISTANT TD THE GOVERNMENT HOUSE LEADER, THE PIPELINE WILL BE A "DIFFICULT PIECE DF LEGISLATION." HE SAID THAT "WE'RE GOING TO BE CHALLENGED ON EVERY PREMISE BY THE OPPOSITION," AND THAT "THE OUTCOME OF THE LEGISLATION IS A QUESTION OF HOW DEFTLY THE GOVERNMENT HANDLES THE

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ISSUE."

B) AN ACT RESPECTING CANADIAN PORTS. THIS BILL COULD INCLUDE A COASTING TRADE PROVISION LIMITING CANADIAN COASTAL TRADE TO CANADIAN BOTTOMS AND, AS SUCH, WOULD MIRROR U.S. JONES ACT OF 1920.

C) ECONOMIC CONTROLS. WAGE AND PRICE CONTROL PROGRAM ENTERED ITS THIRD YEAR ON OCT 14 AND WILL TERMINATE IN 1978 UNLESS ACTION IS TAKEN. FINANCE MINISTER JEAN CHRETIEN IS EXPECTED TO INTRODUCE PROPOSAL FOR PHASED DE-CONTROL AND POSSIBLY, SOME PROVISION FOR CONTINUING WAGE/PRICE SUPERVISION.

D) COMPETITION POLICY. LEGISLATION WILL AIM AT INCREASING COMPETITION BETWEEN CANADIAN FIRMS BY STIFFENING ANTI-TRUST LAWS WHILE AT THE SAME TIME STRENGTHENING CANADIAN FIRMS' ABILITY TO COMPETE INTERNATIONALLY WITH LARGER COMPANIES (PRIMARILY THOSE IN U.S.). IRONICALLY, LEGISLATION MIGHT RESULT IN CONDONING LESS COMPETITION BY MERGING SMALLER FIRMS TO STRENGTHEN LARGER INTERNATIONAL COMPETITIVE ABILITY.

E) BANK ACT. NEW LEGISLATION WILL FOCUS ON LIBERALIZING REGULATIONS TO PERMIT FORMATION OF MORE CHARTERED BANKS INCLUDING THOSE WHICH ARE SUBSIDIARIES OF FOREIGN BANKS.
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ALSO, ATTEMPT TO TIGHTEN EXISTING LEGISLATION TO INCLUDE FEDERAL REGULATION OF SOME BANKING ACTIVITIES CURRENTLY CONTROLLED BY PROVINCIAL GOVERNMENTS IS OF SPECIAL CONCERN TO QUEBEC. SPECIFICALLY, ANY FEDERALLY IMPOSED RESERVE REQUIREMENTS FOR FINANCIAL INSTITUTIONS WHICH ARE NOW OUTSIDE OF FEDERAL CONTROL WOULD BE STRONGLY RESISTED IN QUEBEC.

F) INCOME TAX ACT. CHRETIEN MAY WANT TO REDUCE HIGH UNEMPLOYMENT AND STIMULATE ECONOMY BY MAKING CHANGES IN TAX LAW, I.E. REDUCTION IN TAXES FOR CONSUMERS AND INVESTORS. CHRETIEN HAS SAID HE WILL NOT INTRODUCE A NEW BUDGET THIS FALL OR LAUNCH ANY MASSIVE NEW SPENDING PROGRAMS, BUT NATURE AND DEGREE OF STIMULATION OF TAX REFORMS PROPOSED IN SPRING BUDGET IS STILL OPEN. OPPOSITION CAN BE EXPECTED TO PRESS FOR GREATER STIMULUS THAN CHRETIEN WILL PROPOSE.

4. COMMENT: DESPITE YANOVER'S NOTE OF CAUTION, WE DOUBT THAT THE GOVERNMENT WILL HAVE ANY SERIOUS DIFFICULTY IN PUSHING THROUGH THE PIPELINE LEGISLATION, NOR ARE MOST OTHER ITEMS LIKELY TO SPARK ANY MAJOR

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CONTROVERSY. OPPOSITION WILL UNDOUBTEDLY LAUNCH A STRONG ATTACK ON THE GOVERNMENT FOR THE CURRENT SLUGGISH STATE OF THE ECONOMY, INCLUDING THE CURRENT HIGH LEVEL OF UNEMPLOYMENT, BUT OPPOSITION SEEMS UNLIKELY TO COME UP WITH ANY SOLUTIONS OF ITS OWN. WITH ELECTIONS LIKELY IN LATE SPRING OF NEXT YEAR, THE GOVERNMENT MAY MAKE SOME MOVE TO ALLEVIATE UNEMPLOYMENT, PARTICULARLY AMONG YOUTH, AND TO GIVE SPECIAL ATTENTION IN A TAX STIMULUS PACKAGE TO LOWER INCOME GROUPS, BUT ANY MEASURES OF THIS KIND WILL PROBABLY BE MODEST IN VIEW OF THE GOVERNMENT'S CONTINUING CONCERN ABOUT INFLATION. ENDERS

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Message Attributes

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Sent Date: 18-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Original Classification: LIMITED OFFICIAL USE
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Status: NATIVE
Subject: LEGISLATIVE PROGRAM FOR NEW SESSION OF PARLIAMENT
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